Environment and Planning Committee

Inquiry into Rate Capping

Hearing on 9 March 2016

Department of Environment, Land, Water and Planning
Fair Go Rates System – Policy Objectives

• Put downward pressure on the cost of living arising from council rate increases.

• More transparent and accountable councils.

• Ensuring greater value for money in service and infrastructure delivery.

• Give ratepayers greater surety about their rates into the future.

• Encouraging councils to listen and engage when deciding how to address community needs and aspirations.
Fair Go Rates System – Design Features

- 3 key features of the Fair Go Rates System Design
  - Rate Cap,
  - Variation Process, and
  - Monitoring & Reporting.
Fair Go Rates System – Establishment Process

- Commitment to amend the *Local Government Act 1989* to enable the government to cap rates.
- Announcement that Fair Go Rates System will begin from Financial Year 2016-17.
- ESC Inquiry to recommend an implementation framework.
- The ESC’s Final Report was tabled in Parliament in October 2015.
• The Local Government Amendment (Fair Go Rates) Bill was adopted by Parliament on 26 November 2015.

• Rate cap for 2016-17 set at 2.5 per cent.
• Applications for a higher cap due by 31 March 2016.

• 21 councils have formally informed the ESC of their intention to apply.
Applications will be assessed on:

- the reason(s) a variation from the cap is required;
- how the application takes account of ratepayers’ and communities’ views;
- how the variation reflects the efficient use of the council resources;
- what consideration has been given to alternative budgetary priorities and funding options; and
- that the assumptions and proposals in the application are consistent with the council’s long-term strategic planning and financial management instruments.
Fair Go Rates System – Monitoring & Reporting

- Annual report on councils’ compliance with the rate cap (following 2016-17 budgets).
- Biennial report on outcomes (following 2017-18 budgets).
  - Knowledge of impacts and significance.
  - Collective and individual support.
- 4 yearly review of the Fair Go Rates legislative framework (starting in 2021).